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13 JAN 1970

MEMORANDUM FOR: Assistant Deputy Director for Science
and Technology

SUBJECT: Relation of CIA and DDR&E Contracts

1. This memorandum outlines my views as to both the management problems and the advantages associated with the collocation of the Agency's intelligence analytical contracts and the net threat assessments performed for the DDR&E. It is forwarded in response to your request.

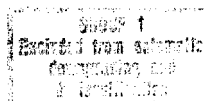
2. It is my belief that while some rather difficult management problems result from the current arrangements, the advantages which accrue from having the net threat assessments performed by people deeply engaged in analyzing the intricacies of the Soviet threat justify our acceptance of these problems. Further, it seems to me that built in mechanisms -- in large measure -- will assure that critical consideration is given the results of the assessments made despite the fact a single contractor is involved.

Management Problems

3. It is clear that problems exist now. These have been discussed in an earlier memorandum. In general, they involve the extensive employment of Agency contractors in intelligence analysis performed for the DDR&E without assurance of CIA awareness or participation. The totality of intelligence analysis performed by these contractors has consequently been diffused, subject to inadequate control and direction, and often times made less effective because of the selection of differing ground rules and assumptions in tackling related but uncoordinated tasks. These problems must be overcome.

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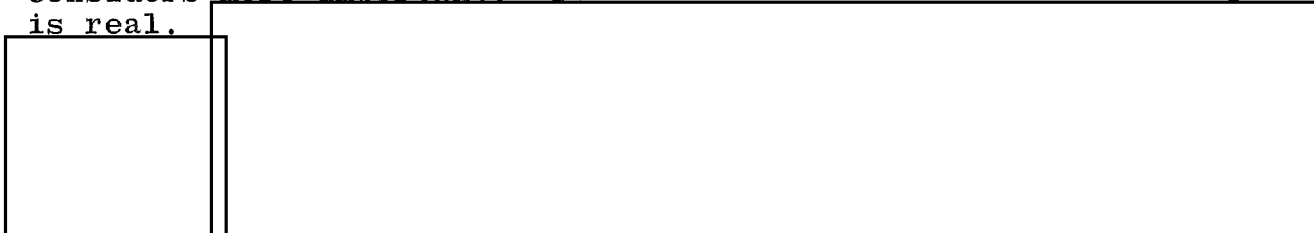
4. These problems are generated by: 1) casual tasking or substantive disregard on the part of the DDR&E, 2) disorganized management on the part of the contractors, 3) an earlier lack of sensitivity to activities under DDR&E sponsorship by Agency contract monitors and 4) failure to give coordinated consideration to our intelligence problems and the deeper concerns of the DDR&E.

5. Improved management can solve these problems. Some steps have already been taken at Project Earshot to build in mechanisms which will ensure our awareness of and concurrence in DDR&E tasking. Certainly, DDS&T analysts have been impressed recently with the need to be familiar in detail with work being done under the NTA portion of our contracts. It will further be necessary that some arrangement be made for the periodic joint discussion of projects underway and the approaches being taken. Such an arrangement appears necessary not only to avoid current problems but to allow us to exploit the advantages, discussed below, in having the two contracts collocated. Better communications including more frequent travel to our contractors are needed.

6. The largest problem involves the performance of intelligence analysis aimed at testing the sensitivity of NTA results to changes in the threat model. Such tests are clearly in order and it seems appropriate that the Agency support the intelligence analysis they require. In the past year, much of our difficulty has resulted from this sort of activity being handled under the DDR&E portion of our contracts. Frequently this was done simply because DDR&E money was available while ours was limited. Ideally, this type of analysis should be performed under CIA sponsorship in response to DDR&E's concerns. The danger is that such activity could consume all of our intelligence resources without allowing support of work which the intelligence community considers more important. It remains to be seen that this danger is real.

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expenditure in the intelligence area is necessary. It should be noted that the DDR&E now gets a considerable amount of intelligence analysis of this sort performed by contractors other than ours.

Advantages of the Collocation of Net Threat Assessment

7. The collocation of the net threat assessment activities with our intelligence analysis contractors was done specifically to assure that the net assessments were performed by people who understood the threat. This move was made in response to the common practice of simply manipulating little understood and uncritically accepted threat models in a variety of exchange studies. Often, the threat models were seriously flawed by security restrictions on the material they contained or by the parochial views of the Agency which developed them. Clearly, a true net threat assessment must do more than simply operate on data like these. It is necessary that all aspects of the defined threat be understood, that trade-offs be considered, that, uncertainties be recognized, that provisions be made for the general applicability of results, and that the sensitivity of these results to reasonable modifications of the threat model be investigated. Contractors like [] are admirably suited to do this job. Some of the work done during the past year attests to their competence. 25X1

8. The making of net threat assessments better focuses intelligence analysis. The significance of particular weapon system attributes is often only revealed when the performance of the system is considered vis-a-vis the one it must encounter. 25X1

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The net threat assessment also helps identify intelligence concerns that might otherwise go unnoticed by revealing lacunae in the threat that cannot in reality exist. By revealing DDR&E's major concerns, it also gives guidance to the intelligence community as to where its principal analytical efforts should be put.

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9. Finally, the net threat assessment provides an interaction with the creation of the threat model which serves to challenge assumptions and conclusions and give relative weight to their significance. All of these advantages can affect our in-house analysis as well so long as Agency analysts are aware of what is going on. In particular, CIA can benefit directly from work done on defining the US force structure, by gaining access to organized information formulated specifically for use in the type of analysis we perform. We also enjoy the advantages of greater contract flexibility and the ability to draw on more company resources that larger projects allow.

10. Appropriate CIA analysts are responsible for being familiar in detail with all aspects of analysis performed for us. It is essential as well that we are familiar with the threat model used in the exchange analyses. The question has been raised as to whether or not the net assessments will be critically reviewed if performed in conjunction with drafting the threat model. It seems to me that this is largely assured. Within DDR&E, critical review is likely in view of the active role being played by such people as [REDACTED] has been subjected to severe criticism and open challenge by [REDACTED] In other fields, criticism may be less severe but even so, it is unlikely that any full study will go without critical scrutiny. It is unlikely that assumptions can go unnoted or procedures undefined. In large measure, DDR&E's activity in this field constitutes a challenge to the services and other elements of the DoD. Other contractors are, in fact, working on parts of the problem for DDR&E. Our dissemination of all Earshot reports and the participation of the project in the technical intelligence community provides a mechanism for the review of the threat model. Exchange studies seem to be performed by almost everyone these days and the assumptions and results are hotly debated and frequently challenged.

11. I conclude that these advantages are too important to relinquish because of the management problems involved. We can, I believe, get so organized as to capitalize on the former and overcome the latter.

[REDACTED]
Chief, Defensive Systems Division
Scientific Intelligence

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